



FISCAL NOTE

HB 1394 - SB 1262

March 17, 2023

SUMMARY OF BILL: Prohibits the Department of Children's Services (DCS) from collecting or expending money that are received as survivor benefits, disability benefits, or otherwise from the Social Security Administration (SSA) of the Department of Veterans Affairs (VA) on behalf of a child in the custody of the department. Requires DCS to hold any such moneys in a trust to be released to the child without condition upon the child's 18th birthday.

FISCAL IMPACT:

Increase State Expenditures - \$7,367,200/FY23-24 and Subsequent Years

Other Fiscal Impact - Passage of this legislation could result in a reduction in state and federal expenditures as a result of children being disenrolled from TennCare due to program resource limits. The extent of the reduction is dependent on other eligibility factors and cannot be precisely calculated at this time.

Assumptions:

- DCS currently uses moneys from SSA and VA benefits to offset the placement cost of room and board for custodial children in the care of the Department.
- According to information provided by DCS, the amount of these federal funds used to offset the cost of room and board based on the budget for FY22-23 is \$7,637,200.
- A recurring increase in state expenditures of \$7,637,200 in FY23-24 and subsequent years to offset the loss of federal funds currently being utilized by DCS.
- DCS will not experience additional costs to hold moneys in a trust.
- The resource limit for an individual to be enrolled in TennCare is \$2,000.
- If a child is eligible for TennCare in a category with a resource test, and the funds in the child's trust exceed \$2,000, they could risk being disenrolled from TennCare if they do not qualify under a different eligibility.
- A child's eligibility for Adoption Assistance through the TennCare would also be jeopardized by the \$2,000 resource limit.
- The proposed legislation could result in a reduction in state and federal expenditures due to children being disenrolled from TennCare. Prior to disenrolling the child, TennCare would evaluate the child's case to see if they could potentially be eligible in a category that does not have a resource test. If the child meets the criteria for an alternate category, then TennCare would transfer the child to that category. The child would remain

enrolled in TennCare and TennCare would continue to claim federal funds for the child's services at the same match rate. If the child does not meet the criteria for any other category, the child would be disenrolled. It is not possible to accurately calculate the number of children who would be impacted at this time.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

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